

Message Text

CONFIDENTIAL

PAGE 01 KINSHA 01618 241344Z

ACTION EB-08

INFO OCT-01 AF-08 ISO-00 AID-05 CIAE-00 COME-00 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
LAB-04 SIL-01 OMB-01 IO-13 NSC-05 SS-15 STR-04 CEA-01
AGRE-00 /089 W

-----241401 027574 /45

R 241210Z FEB 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC 1939

C O N F I D E N T I A L KINSHASA 1618

DEPT PASS TREASURY, EXIM

E.O. 11652: GDS

TAGS: EFIN CG

SUBJECT: IMF MISSION

1. IMF REP RUSSO SAW MOBUTU IN MBANDAKA FEBRUARY 20 AND DEPARTED ON FEBRUARY 21. WE SAW RUSSO EARLIER BUT NOT AFTER HE HAD MADE PRESENTATION TO MOBUTO; THUS FOLLOWING REPORT COMES FROM GOV. SAMBWA. AS USUAL, PLEASE DO NOT RELAY THIS INFORMATION TO IMF BEFORE RUSSO HAS A CHANCE TO MAKE HIS PRESENTATION TO HIS SUPERIORS. AND, AS USUAL, WE WOULD APPRECIATE CONFIRMATION OF OUR FACTS AFTER DEPARTMENT HAS CHECKED WITH RUSSO.

2. SINCE RUSSO WENT OVER RESULTS OF CURRENT STABILIZATION PROGRAM THE LAST TIME HE WAS HERE, WE ASSUME THAT HE DID NOT REVERT TO THAT ISSUE, EXCEPT TO REITERATE THAT THE GOZ HAD FAILED TO LIVE UP TO THE PROGRAM. RUSSO DID, HOWEVER, PRESENT THE FOLLOWING TABLE OF ECONOMIC INDICATORS TO MOBUTU WHICH, ACCORDING TO SAMBWA, WERE DESIGNED TO BRING HOME TO THE PRESIDENT BOTH THE ECONOMIC DEGRADATION OVER THE PAST FIVE YEARS AND THE SERIOUSNESS OF THE CURRENT SITUATION.

ECONOMIC INDICATORS OF ZAIRE, 1970-76

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 KINSHA 01618 241344Z

(1970 - 100)

1970 1976

I. PRODUCTION, PRICES AND SALARIES

GROSS DOMESTIC PRODUCT	100	114
------------------------	-----	-----

PRICES	100	417
--------	-----	-----

SALARIES	100	53
----------	-----	----

II. BUDGET

EXPENDITURES	100	246
CUMULATIVE DEFICIT (1)	--	885
III. FOREIGN SECTOR		
ACTURAL EXPORTS	100	105
ACTURAL IMPORTS	100	73
EXCHANGE RATE	100	58
CUMULATIVE DEFICIT	---	907
LONG-TERM DEBT (2)	456	3,165
SHORT-TERM DEBT (2)	138	1,126

 (1) IN MILLIONS OF ZAIRES

(2) IN MILLIONS OF US DOLLARS

3. SAMBWA SAYS MOBUTU WAS SHAKEN BY THE FIGURES, EXPECIALLY AFTER HE QUESTIONED ONE OF THE SERVING GIRLS AT LUNCH, WHO CONFIRMED THE LOSS IN REAL INCOME. BEYOND THE ECONOMIC INDICATORS, RUSSO'S MESSAGE WAS EQUALLY SOUR. AS WE UNDERSTAND IT, THE GOZ MINISTRY OF FINANCE HAD COME UP WITH PLANNED 1977 EXPENDITURES OF OVER 1 BILLION ZAIRES INCULDING SOME NEW PROJECTS. RUSSO CUT THAT BACK TO APPROXIMATELY THE 1976 GOING RATE OR 850 MILLION ZAIRES. RUSSO THEN POINTED OUT TO THE PRESIDENT THAT PROJECTED REVENUE FOR 1977 WAS AROUND 450 MILLION ZAIRES, LEAVING A DEFICIT OF SOME 400 MILLION ZAIRES, OF WHICH THE FUND COULD SEE ONLY 175 MILLION ZAIRES FINANCED BY 15 MILLION ZAIRES FROM COUNTERPART FUNDS AND 160 MILLION ZAIRES FROM CENTRAL BANK FINANCING. THERE MIGHT BE A LITTLE EXTRA, HOWEVER, FROM NEW TAXES OR COFFEE AND PETROLEUM EXPORTS, BUT ESSENTIALLY MOBUTU WOULD HAVE TO CUT THE CURRENT RATE OF EXPENDITURE BY SOME 200 MILLION ZAIRES. HOW AND WHERE WAS MOBUTU'S BUSINESS, BUT CUT HE MUST -- THAT'S IF HE WANTS
 CONFIDENTIAL

CONFIDENTIAL

PAGE 03 KINSHA 01618 241344Z

AN IMF PROGRAM.

4. MOBUTU ACCEPTED. IN ADDITION, HE TOLD RUSSO THAT HE INTENDED TO RESHUFFLE HIS GOVERNMENT TO REMOVE "THOSE WHO HAD FAILED TO LIVE UP TO THE CURRENT STABILIZATION PROGRAM." SAMBWA HAD SOME IDEA OF WHO MIGHT GO IN THE SHAKEUP, AND INDEED WHILE DCM WAS TALKING WITH THE GOVERNOR, THE COMMISSIONER FOR POLITICAL AFFAIRS CALLED TO SAY THAT AN EMERGENCY MEETING OF THE CABINET HAD BEEN CALLED FOR LATE AFTERNOON OF FEBRUARY 23 AND THE RUMOR WAS THAT A GOVERNMENT SHAKEUP WAS IN THE WIND. SEE SEPTEL.

6. WE UNDERSTAND THAT IMF REPORT ASSUMES 1977 COPPER PRICES WILL AVERAGE 68 CENTS AND THAT TOTAL EXPORTS WILL BE 430,000 METRIC TONS. WE REGARD THESE ASSUMPTIONS AS SLIGHTLY ON THE CONSERVATIVE SIDE, PARTICULARLY IF PROJECTED EXPORTS INCLUDE THOSE FOR SODIMIZA AND WELL AS FOR GECAMINES.
 CUTLER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: GOVERNMENT BUDGET, DATA, POLICIES
Control Number: n/a
Copy: SINGLE
Sent Date: 24-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA01618
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770064-0453
Format: TEL
From: KINSHASA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770214/aaaaamea.tel
Line Count: 115
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: e66cc1bf-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Feb-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3243310
Secure: OPEN
Status: NATIVE
Subject: IMF MISSION
TAGS: EFIN, CG
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/e66cc1bf-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009